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Embassy of the United States of America, Georgetown, Guyana

Guyana's End-of-Year Economic Review, 2009

The 2009 end of year report by the Ministry of Finance indicates that Guyana's economy grew by 2.3% despite mixed performance across the sectors. This increase is due to strong growth in the agriculture sector, moderate performance in the engineering and construction sectors, a mixed performance in the manufacturing and mining and quarrying sectors and a balanced growth in the services sectors.

Guyana recorded a surplus of US$234.4 million in its overall balance of payments in 2009as compared to US$5.6 million in 2008. It was attributed to a 31.6% reduction in the current account deficit to US$219.7 million which is due to a contraction in the total value of imports and a surplus in the capital account of US$454 million.

At the end of 2009 Guyana recorded a reduction of 30.2% in its merchandise trade deficit to US$401.1 million, as compared to US$522.1 million in 2008. This was due to a decline in the value of imports, more than offsetting a modest decrease in the value of exports. Total exports amounted to US$768.2 million, down by US$33.3 million from 2008. This outcome reflected a combination of lower volumes and a reduction in the prices for most of the key export commodities. The value of merchandise imports amounted to US$1,169.2 million at the end of 2009, down by US$154.4 million from 2008 due primarily to a contraction in prices for fuel and lubricants and primary commodities.

At the end of 2009 Guyana recorded an inflation rate 3.6% as compared to 6.4% in 2008. The foreign exchange market recorded a marginal decrease of 2.8% in foreign exchange transactions to US$4.7 billion in 2009 as a result of a reduction in the value of external current account transactions. During 2009 the value of the Guyana dollar appreciated by 0.97% against the US dollar.

The stock of domestic debt and external public debt amounted to US$422.3 million and US$933.0 million, respectively. Both domestic and external public debt increased by 16% and 12%, respectively at the end of 2009. The former is attributed to an increase in the issuance of treasury bills to sterilize excess liquidity, while the latter is due to increase disbursements from the multilateral and bilateral creditors. Domestic debt services decreased by 28.75 to US$20.9 million and external debt services decreased by 14% to US$17.5 million as a result of lower principal payments.

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Global Commodity Prices for Guyana's Major Export

Product	Unit	Source	Commodity Prices in Current US$					
			2004	2005	2006	2007	2008	2009
Sugar	US Cents/ Pound	Brazil	7.2	9.3	13.9	11.4	12.2	15.1
		EU Import Price	30.4	30.4	30.6	33.2	30.7	25.9
		World Market Price	7.5	10.1	14.8	10.0	12.5	18.2
		U.S. Import Price	20.6	21.1	22.1	20.8	21.3	24.3
		Philippines	13.1	13.3	17.6	15.0	14.3	13.7
Rice	US$/Metric Ton	Thailand (Bangkok)	245.8	287.8	303.5	332.4	700.2	589.4
		Thailand	270.0	308.5	346.4	372.1	597.1	568.9
Hardwood Logs	US$/Cubic Meter	Malaysia, Sarawak	197.4	202.2	238.5	268.0	290.7	285.9
Hardwood Sawn-wood		Malaysia	582.8	650.2	743.7	797.5	875.7	797.5
Softwood Logs		U.S.	173.7	181.5	187.0	151.3	147.3	136.6
Softwood Sawn-wood		U.S.	324.0	328.3	342.4	325.9	313.1	290.5
Aluminum	US$/Metric Ton	All Origins (London)	1,718.5	1,900.5	2,573.1	2,639.9	2,577.9	1,669.2
Gold	US$/Troy Ounce	UK (London)	409.2	444.8	604.3	696.7	871.7	973.0

Profile of Guyana

Official Name: Cooperative Republic of Guyana
Capital City: Georgetown
Government: Republic within the Commonwealth
Language: English
Main Airport: Cheddi Jagan International Airport, Timehri
Main Port: Georgetown
Climate: Tropical
Time Zone: -04:00 GMT (Atlantic Time Zone)
Currency: Guyana dollar (G$)
Exchange Rate: US$1 = GY$203
Population: 766,200 (2008 estimate)
Area: 214,970 sq. km. (83,000 sq. mi.)

Guyana's Economic Profile, 2009

National Accounts

Nominal GDP:	US$999.4 million
GDP Real Growth:	2.3%
Per Capita GDP:	US$1,298.6

Public (Government) Finance

Total Revenue:	US$460.6 million
Total Expenditure:	US$618.6 million
Total Current Expenditure:	US$390.5
Total Capital Expenditure:	US$228.1 million
Overall Balance:	US$74.1 million
Overall Deficit as a Percent of GDP:	(6.3%)

Public Debt

Total Stock of Domestic Debt:	US$422.3 million
Domestic Debt Service:	US$20.9 million
Total Stock of Domestic Debt as a Percent of GDP:	42.3%
Domestic Debt Service as a Percent of GDP:	2.1%
Total Stock External Debt:	US$933 million
External Debt Service:	US$17.5 million
Total Stock of External Debt as a Percent of GDP:	93.4%
External debt Service as a Percent of GDP:	1.8%

Prices and Income

Bank of Guyana Exchange Rate:	US$1/GYD$203.74
Inflation:	3.6%
Small Savings Rate:	2.78% (Per Annum)
Weighted Average Time Deposit Rate:	2.59% (Per Annum)
Weighted Average Lending Rate:	12.17% (Per Annum)
Prime Lending Rate:	14.54% (Per Annum)
Public Sector Monthly Minimum Wage:	US$158.13

Merchandise Trade

Balance of Trade:	(US$401.1)
Total Imports (c.i.f.):	US$1,169.2 million
Imports as a Percent of GDP:	117.0%
Guyana Imports from the U.S.:	US$260.7 million
Guyana Import Market Share from the U.S.:	22.2%
Total Exports (f.o.b.):	US$768.2 million
Exports as a Percent of GDP:	76.9%
Guyana Exports to the U.S.:	US$168.9 million
Guyana Export Market Share to the U.S.:	25.9 %
Total Fuel & Lubricants Imports:	US$286.5 million
Fuel & Lubricants as a Percent of GDP:	28.7%

Investment

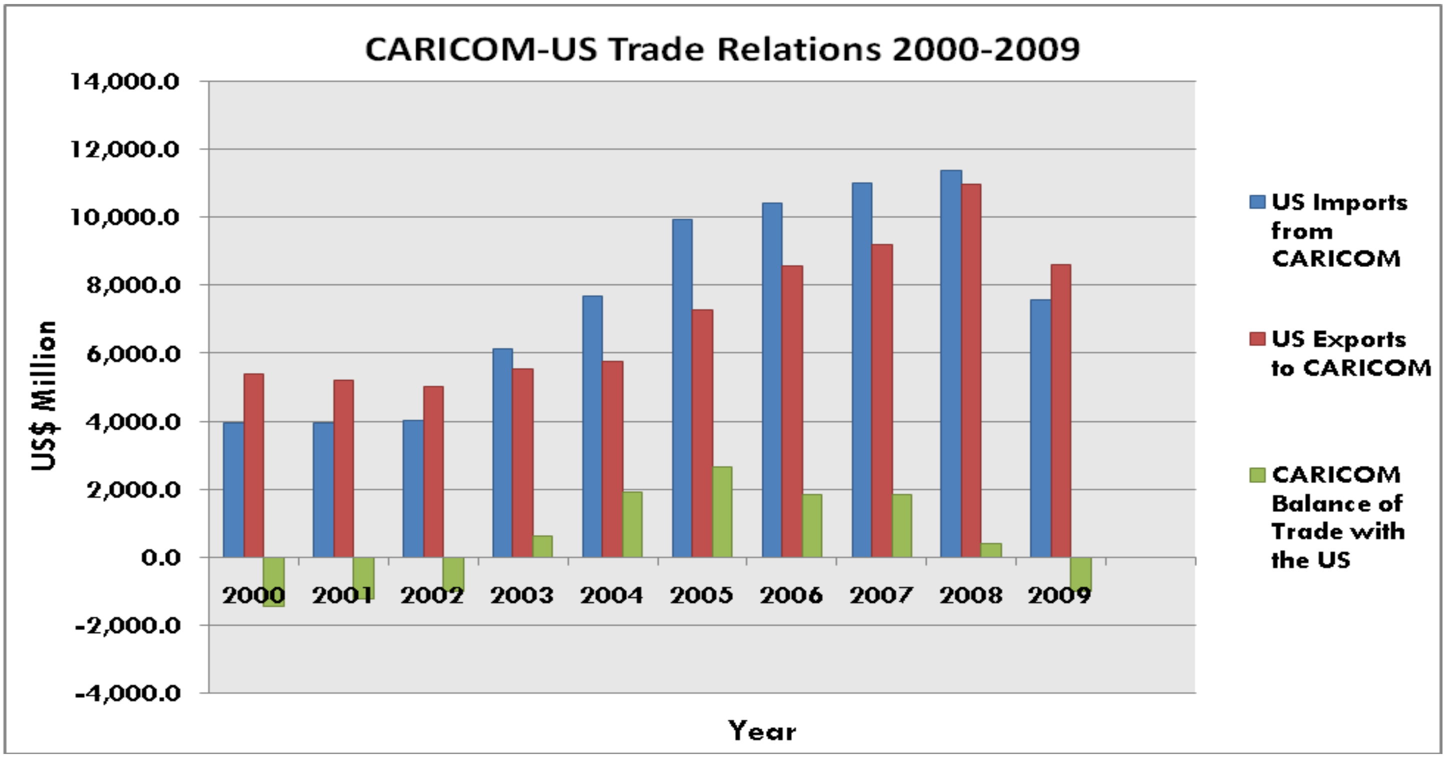
Total Private Investment (Local & FDI):	USD$253.2 million
Total Foreign Direct Investment (FDI):	USD$161.3 million
Value of U.S. Foreign Direct Investment:	USD$57.4 million
U.S. FDI as a Percent of Total FDI:	35.58%
U.S. FDI as a Percent of GDP:	6.07%

Population/Labor

Mid Year Population:	769,600
Working Age Estimate:	465,800
Labor Force Estimate:	281,300
Unemployment Rate:	11.0%
Literacy Rate:	99.0%

Overview of CARICOM/U.S. Trade Relations, (2000-2009)

The United States continues to be CARICOM's top trading partner in 2009. At the end of 2009 CARICOM region recorded a merchandise trade deficit of US$1.0 billion, as compared to a merchandise trade surplus of US$0.4 billion in 2008. The merchandise trade deficit was due to a decline in the value of imports, more than offsetting a significant decrease in the value of exports. During the period 2003-2008 the CARICOM region recorded a merchandise trade surplus with the U.S.. U.S. exports to the CARICOM region amounted to US$8.6 billion at the end of 2009, as compared to US$11.0 billion in 2008, which was due a combination of lower volumes and a reduction in the prices for most of the key export commodities. The value of U.S. merchandise imports from CARICOM region amounted to US$7.6 billion at the end of 2009, down from US$11.4 billion in 2008, due primarily to a contraction in prices for fuel and lubricants and primary commodities.



Source: U.S. Department of Commerce & U.S. International Trade Commission

In 2009 the CARICOM Region continues to receive duty preferences from the United States under the Caribbean Basin Economic Recovery ACT (CBERA) and the Caribbean Basin Trade Partnership ACT (CBTPA). In addition to the aforementioned preferential agreements under the Caribbean Basin Initiative (CBI), Haiti received additional preferential treatment for apparel under the Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE). In 2009, the World Trade Organization approved a request from the United States for a waiver on the Caribbean Basin Economic Recovery Act. As a result of the wavier, CARICOM countries would be in a position to export goods covered under CBERA to the U.S. duty free until December 2014.

The Caribbean Basin Trade Partnership Act ("CBTPA"), enacted on May 17, 2000 under the Trade and Development Act of 2000, reduces or eliminates tariffs and abolishes most quantitative restrictions on certain products that were previously not eligible for preferential treatment under either CBERA or CBI II. CBTPA is also intended to foster increased opportunities for U.S. companies in the textile and apparel sector to expand co-production arrangements with countries in the CBI region. CBTPA benefits are in effect during a "transition period" that continues through September 30, 2010 or the date, if sooner, on which the Free Trade Area of the Americas or another free trade agreement as described in legislation enters into force between the United States and a CBTPA beneficiary country. The CBTPA recognizes the importance of apparel as a component of CBI exports to the United States, and expands the degree of preferential treatment applied to U.S. imports of apparel made in the Caribbean Basin region.

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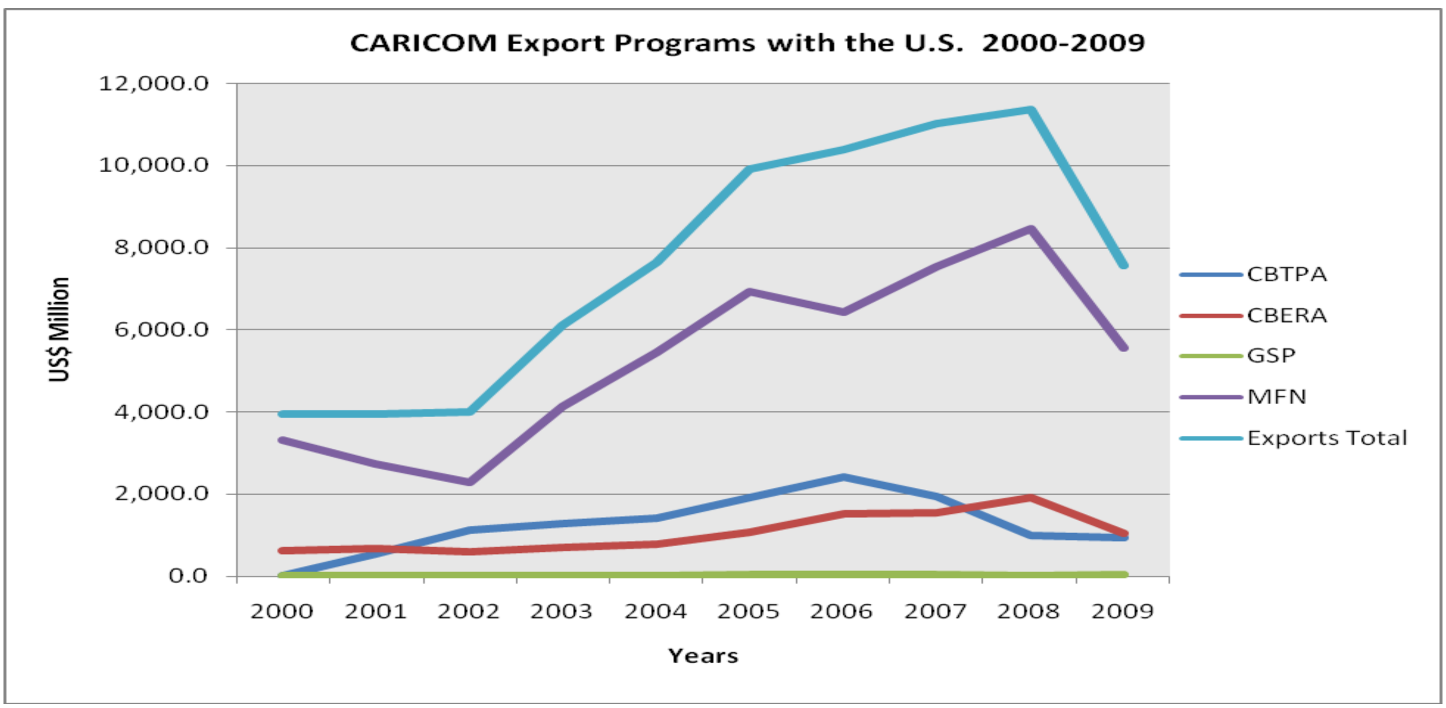
Overview of CARICOM/U.S. Trade Relations, (2000-2009) - cont'd

CARICOM Export Programs with the U.S.	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Percent of Total Exports 2008	Percent of Total Exports 2009
	US$ Million											
CBTPA	7.8	538.9	1,111.6	1,278.8	1,415.8	1,918.2	2,408.0	1,921.0	983.0	943.8	8.6%	12.4%
CBERA	626.0	683.4	595.8	697.9	782.2	1,060.9	1,519.0	1,541.1	1,913.4	1,056.9	16.8%	13.9%
GSP	18.9	13.3	8.3	11.1	15.4	25.8	43.2	34.4	20.3	27.3	0.2%	0.4%
MFN	3,308.6	2,728.8	2,286.6	4,132.2	5,449.7	6,927.9	6,435.2	7,520.9	8,454.8	5,559.0	74.4%	73.3%
Total Exports	3,961.3	3,964.4	4,002.3	6,120.0	7,663.1	9,932.8	10,405.4	11,017.4	11,371.5	7,587.0	100%	100%

Source: U.S. Department of Commerce & U.S. International Trade Commission

An analysis of the CARICOM/United States trade relations reveals that in 2008 the MFN scheme accounted for 74.4 percent of CARICOM's total exports to the United States. The CBTPA accounted for 8.6 percent of CARICOM's total exports to the United States in 2008. In 2008 the CBERA scheme accounted for 16.8 percent of CARICOM's total exports to the United States. The GSP scheme accounted for 0.2 percent of CARICOM's total exports to the United States in 2008.

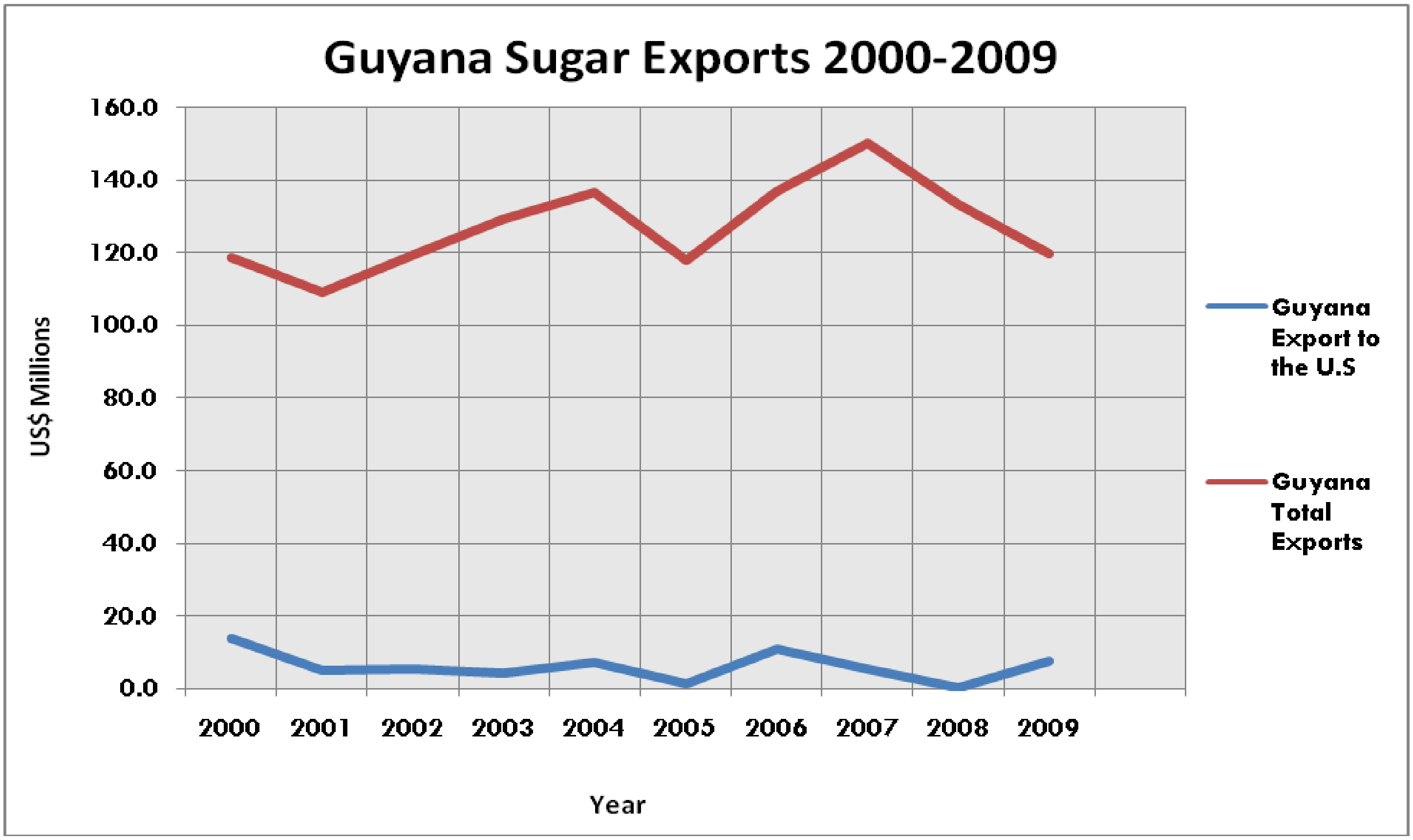


Source: U.S. Department of Commerce & U.S. International Trade Commission

In 2009, the most favored nation (MFN) scheme accounted for 73.3 percent of CARICOM's total exports to the U.S. in 2009. The Caribbean Basin Trade Partnership Act (CBTPA) scheme accounted for 12.4 percent of CARICOM's total exports to the U.S. in 2009. The Caribbean Basin Economic Recovery Act (CBERA) scheme accounted for 13.9 percent of CARICOM's total exports to the U.S. in 2009. The Generalized System of Preference (GSP) scheme accounted for 0.4 percent of CARICOM's total exports to the U.S. in.

Guyana Sugar Industry: Road to Recovery

In 2009 sugar accounted for approximately 12% of GDP and approximately 40% of agricultural GDP. The industry employed roughly 19,000 people, or 6.8% of the country's labor force, by far the single largest employer in Guyana. In 2009 the industry is the third largest net earner of foreign exchange. Sugar exports in 2009 represented 15.6% of total exports or US$119.8 million. The main export markets are the European Union (EU), the United States, and CARICOM countries, all under some type of preferential scheme. The sugar industry exported approximately 90% of its total sugar export to the European Union. In 2009 Guyana exported approximated 6% and 4% of its total sugar export to the CARICOM region and the United States respectively. The value of total exports to the U.S. in 2009 amounted to US$7.6 million as compared to US$0.2 million in 2008. Due to frequent labor strikes and inclement weather conditions, the sugar industry during FY 2008 and FY 2009, has been unable to fully supply Guyana's quota allocation to the United States.



Source: U.S. Department of Commerce, Ministry of Finance Budget 2010 & Bank of Guyana Reports

During the year 2009 the labor-management relations was severely challenged. There was an increase in work stoppages in 2009 by 16% from 198 to 229 when compared with the previous year. This was due largely to the main union's Guyana Agricultural and General Workers Union (GAWU) dissatisfaction with the Corporation's wages off for the year. The negotiations were hindered by two general strikes, which resulted in the loss of over 90,000 man-days. Nevertheless, satisfactory progress was made in the rehabilitation of the cultivation. Apart from the aforementioned wages dispute, most of the other issues were resolved. Currently the industrial relations climate can be described as fair.

Since 1970 Guyana's sugar industry has benefited from preferential prices and guaranteed access to the EU market. However, beginning in 2006, the EU gradually phased out all preferential treatment for Guyana and African, Caribbean and Pacific (ACP) Group, cutting its offered price by 36% over a four year period. The Sugar protocol came to an end in September 2009 and was replaced with the Economic Partnership Agreement (EPA). In September 2009, the phase-out was completed, forcing Guyana to accept market rates. Over the phase out period Guyana's sugar price was reduced from US$773.0 to US$490.0 per ton of raw sugar. This amounts to approximately US$37 million per annum reduction in export earnings.

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Guyana Sugar Industry: Road to Recovery - cont'd

To cushion the effect of the EU Sugar Reform on Guyana the EU has provided a grant of US$130 million for the period 2006-2010. These funds are intended to improve the competitiveness and viability of the Guyana sugar industry. The aim of the EU financial assistance is to reform the sugar industry by upgrading the sugar factories, establishing a sugar packaging plant at Enmore, increasing the total sugar production, increasing total acreages under cultivation and mechanizing the sugar industry field operations, thereby improving the cost effectiveness of the sugar industry.

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In response to these challenging terms of trade, the Government of Guyana, through the state-owned Guyana Sugar Corporation (GUYSUCO) commenced the implementation of the "Turnaround Plan" in 2009. The industry's Turnaround Plan is expected to be completed in 2013. GUYSUCO has begun to restructure the sugar industry by lowering cost of production, increasing production, expand the industry's capacity for branded and other value-added products and invest in and develop the human resources. The most prominent tangible outcome of this restructuring has been a modern sugar factory at Skeldon capable of co-generating up to 10MW of electricity annually from bagasse, the cellulosic waste product of sugar production. The new factory was constructed with a combination of self-generated funds and loans from the Caribbean Development Bank (CDB), the People's Republic of China at total cost of US$185 million. It was commissioned in August 2009 and should have the capacity to process 1.2 million tons of sugar cane annually into more than 400,000 tons of sugar.

The Corporation aims at increasing production, lowering costs and increasing value added sales through the following steps include:

a. **Accelerated mechanization:** the Plan target 41% of industry being fully mechanized and 56% being semi mechanized by 2014.
b. **Skeldon factory:** the factory which has been operational since the beginning of 2009 is a major factor to facilitate increased production by the Corporation. The factory has the capacity to grind 1.2 million tons of sugar cane, a target which is projected to be achieved by 2012. This will increase the industry's production from a current level of 280, 000 tons of sugar to over 400,000 tons of sugar by 2013.
c. **Creation of a modern complex at Enmore:** Plans for Enmore include upgrading the factory to the operational capacity that can grind all canes from Enmore and La Bonne Intention, with a packaging plant that produces over 40,000 tons of packaged sugar. This is a major step to increasing Guysuco's value added and reducing inefficiencies from operating two factories (Enmore and La Bonne Intention) below potential. The new Packaging Plant will be operational in 2011. The other plans for Enmore factory is also expected to be completed by 2011.
d. **Expansion of the Blairmont cultivation and upgrade of the factory:** Expansion of the cultivation will increase Blairmont's production from the present levels of 35,000 tons to 55,000 tons, contributing to the Corporation's targeted increased to over 400,000 tons of sugar by 2013. The expansion of Blairmont Estate (cultivation and factory) is planned for completion by 2011.

Trade Shows in the United States: The U.S. Department of Commerce, Foreign Commercial Service's International Buyer Program (IBP) supports trade shows that are recognized as leading events for promoting the products and services of a particular industry. IBP trade shows give international buyers an opportunity to assess the best and latest in U.S. technology, innovations, products, and services. IBP-supported trade shows provide a venue for international buyers to make valuable contacts with U.S. firms. Below is a IBP Trade Show List - 2010

IBP Show	Industry	Show Venue	Dates
IPC APEX EXPO	Information/Communication	Las Vegas, Nevada	April 6-8, 2010
International Franchise Expo 2010	Franchising	Washington, DC	April 9-11, 2010
The 2010 NAB Show	Information/Communication	Las Vegas, Nevada	April 12-15, 2010
High Point Market-Spring	Consumer Goods/Furniture	High Point, North Carolina	April 17-22,2010
Offshore Technology Conference	Energy/Oil	Houston, Texas	May 3-6, 2010
Waste Expo 2010	Waste Management	Atlanta, Georgia	May 3-6, 2010
National Hardware Show	Consumer Goods	Las Vegas, Nevada	May 4-6, 2010
Textile & Sewn Products Industry Week	Textiles	Atlanta Georgia	May 18-20, 2010
Electric Power 2010	Energy (Coal based)	Baltimore, Maryland	May 18-20, 2010
NRA Restaurant, Hotel-Motel Show	Foodservice/Hospitality	Chicago, Illinois	May 22-25, 2010
Premier Orlando 2010	Beauty/Hygiene	Orlando, Florida	June 6-7, 2010
InfoComm 2010	Information/Communication	Orlando, Florida	June 9-11, 2010
Clinical Lab Expo	Medical	Anaheim, California	July 25-29, 2010
FIME International Medical Expo	Medical/Healthcare	Miami, Florida	August 11-13, 2010
International Woodworking Machinery	Manufacturing/Woodworking	Atlanta, Georgia	August 25-28, 2010
International Baking Industry Exposition	Food Processing	Las Vegas, Nevada	September 26-29, 2010
GRAPH EXPO 2010	Printing/Graphics	Chicago, Illinois	October 3-6, 2010
American Dental Association	Dental/Healthcare	Orlando, Florida	October 9-12, 2010
PACK EXPO International 2010	Packaging Machinery	Chicago, Illinois	October 31-November 4, 2010
Automotive Aftermarket Products Expo	Automotive	Las Vegas	November 2-5, 2010
SEMA Show 2010	Automotive	Las Vegas	November 2-5, 2010
American Film Market	Entertainment/Feature Film	Santa Monica, California	November 3-10, 2010
Greater New York Dental Meeting	Dental/Healthcare	New York, New York	November 26-December 1, 2010
POWER-GEN International	Electric Power/Energy	Orlando, Florida	December 14-16, 2010

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